

THE WHITE HOUSE

WASHINGTON

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OSD Review Completed

PRESIDENTIAL VISIT TO DEPARTMENT OF DEFENSE FOR MANAGEMENT-  
BY-OBJECTIVES MEETING

DATE: Tuesday, July 15, 1975

[The President met first privately with Secretary Schlesinger,  
Deputy Secretary Clements and General Scowcroft]

Schlesinger: Management is not as important at this point as is the need  
to articulate to the American people the need for a strong defense in the  
era of detente and the aftermath of Vietnam.

The Department of Defense needs a strong indication of the Secretary's  
objectives in order to get orders carried out. The organization must be  
"incentivized."

We have a number of problems. One is the level of Executive pay.

President: I am cognizant of this problem. But I have the responsibility to  
hold the deficit under \$60 billion. That allows for a 5 percent increase, not  
the 14 percent you ask for.

Schlesinger: I would like to say a word about intelligence. These investiga-  
tions will have serious effects, especially on clandestine activities. I don't  
know what we can do, but it will take years to recover.

President: What can we do?

Schlesinger: There could be a public relations campaign by those who are  
outside government -- Vance, and so on -- to demonstrate the need for  
clandestine activities.

President: There is one point I want to raise here. The Navy wants to  
bureaucratize the shipping. The Navy is replacing independent crews with  
civil service, and I think it is nuts and we need to go back to free enterprise.

Clements: We are now doing just what you want on this.

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Schlesinger: That brings me to the civil service. You should study it over your next 18 months so you can reform it in your next term.

[The President then joined the general meeting. He gave general introductory remarks. He cited his reliance on OMB to help him and he expressed his hope for cooperation with the departments.]

Schlesinger: We are trying to maintain our way in an era of uncertainty, an era of detente and competition. We rely on deterrence and we must maintain with our allies an overall military balance. It is on this balance that detente rests. Without it, detente would not survive. Therefore we are providing options for you. It is not up to us to select your strategy and policy, but to give you options. The Air Force and Navy have introduced less than optimum capable equipment in order to get more and to economize.

We must hedge against uncertainty. For example, we don't know how long a European conflict will last. The Europeans generally say 20 days, but it may be more than 90 days, which is the current planning figure.

Brown: We have a problem with exercises. We have a constant tug of war now between exercises for readiness and the high costs (particularly for fuel) involved in exercises. The final test of the Department, though, is to put forces into the field ready for combat.

The Army is probably in better readiness now than it has been since the early days of Vietnam. Reserve readiness is now the biggest problem. Navy steaming days are down, so readiness is spotty.

The Air Force strategic forces are ready. The TAC forces are not so good, partly through equipment problems.

Marine recruiting is going better. The big problem is the navy equipping program.

Clements: [Describes his MBO handout]

The system is not perfect but it is a good management tool.

President: Who picks the objectives?

Clements: We get them from the Service Secretaries and Assistant Secretaries what they thought were the objectives.

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[A general discussion takes place.]

Schlesinger: Now I would like to mention the Congressional impact. Congress now has 1700 people supervising the 1600 in OSD.

[There is a discussion of the problems with Congress.]

President: I agree. There is the problem of multiple jurisdictions also. I see no chance of improvement.

Lynn: There also is the problem of Congress giving authority but subject to a one-house veto if the authority is exercised.

President: How about posts and stations? Are you keeping them at the minimum necessary?

Schlesinger: Yes, the Congress and White House show intense interest here.

For example, we are closing munitions factories because of the Kennedy Amendment that we can't procure for allies.

President: Why don't we get it out of the foreign aid legislation this year?

Schlesinger: It probably will be reinserted.

[The problem of reducing Row Air Force Base was discussed. Also the Oceanographic Service. GAO is apparently supporting a move out of Maryland to St. Louis. There is discussion of the Naval Reserve which is obsolescent because it is tied to obsolete equipment -- unlike the Army and Marines.]

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